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BANGKOK FOR USAID

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TAGS: [PREL](#) [PHUM](#) [LA](#)
SUBJECT: GOL HOLDS UP US-FUNDED NGOS' MOUS

Classified By: Ambassador Haslach for reasons 1.5 b,d

11. (SBU) The DCM met with MFA Deputy Director General of the International Organization Phonesavanh on April 5 to raise our concern about the delays in approval of MOUs for several USAID-funded NGO projects. The DCM pointed out that these MOUs have been pending for over two and half years and represent a great deal of money that should be going to assist handicapped Lao. Phonesavanh agreed that the delays are of concern, acknowledging that weak coordination in the GOL needs to be improved. However, with regard to the specific MOUs raised, he explained that they were linked with a "pending issue" and could not be resolved until that issue is decided by the Cabinet. He noted that the Cabinet has considered the issue three times already without making a decision. He refused to explain what the issue is. When pressed whether the issue is about the USAID funding of the projects, he said that MOUs for NGOs funded by other donors are also being held up by this issue. He claimed that the recent Party Congress clearly set out a policy to encourage ODA and thus there is no restriction on receiving money from any particular donors. However, he could not name the other NGOs that are not USG-funded and he offered no hope when the issue would be resolved.

12. (SBU) The DCM then discussed this with MFA Deputy Director General of the European/Americas Department Mai, raising our concern about possible discrimination against USG funded projects. He appreciated our concern and promised to raise the matter with his colleagues in the International Organization Department who handle MOUs for NGOs.

13. (C) Comment: Phonesavanh's account matched the information provided by one of the NGOs in question, Catholic Relief Services, which they provided in an earlier meeting. Our backchannel efforts to find out what "the issue" have not so far succeeded and it sounds like something that could drag on for quite some time. We will now raise this at a higher level in hopes of pushing the matter forward but may need to reconsider our funding of these projects if no progress can be made soon. End Comment.
HASLACH